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News Release

FOR IMMEDIATE RELEASE
Thursday, Oct. 22, 2009
WWW.USDOJ.GOV/USAO/MN

Mound man indicted for stealing more than \$2.5 million in real estate fraud scheme

A federal grand jury has returned an indictment against a 41-year-old Mound man for allegedly swindling 14 investors and their lenders out of more than \$2.5 million through a real estate fraud scheme. Timothy Lynn Beliveau was charged with one count of conspiracy to commit mail fraud, two counts of mail fraud and nine counts of willful failure to account for and pay taxes.

Beliveau's indictment alleges that between January 2004 and July 2007, he orchestrated a scheme to defraud vulnerable homeowners and induce investors to purchase distressed real estate from those homeowners at inflated prices. The scheme created a pool of funds Beliveau then used to buy boats, motorcycles, a Florida vacation home and other personal items.

Between 2004 and 2007, Beliveau was the owner of U.S. Housing & Financial Services, a company that assisted homeowners who were close to losing their homes to foreclosure. During that time, Beliveau also owned American Alliance Mortgage Group, a mortgage brokerage company with offices in Minnetonka, Plymouth, Roseville, Wayzata and Edina as well as in Hudson, Wisconsin.

The indictment alleges that Beliveau's scheme victimized distressed homeowners, investors and lending institutions. Specifically, Beliveau used U.S. Housing to encourage homeowners in or near foreclosure to sell their homes to investors the company recruited. The equity in the homes was to be deposited into an escrow account, administered by Beliveau, for use, allegedly, in assisting the homeowners make monthly contract-for-deed payments to the investors. By doing so, the homeowners could buy back their homes after a period of time. In the meantime, they were allowed to live in them.

According to the indictment, investors were told the homeowners were carefully screened to ensure their financial problems were merely situational, and that they were, therefore, unlikely to

default on their monthly contract-for-deed payments. Beliveau also represented the homeowners would receive financial counseling if they defaulted. Moreover, investors were assured, allegedly, homeowners who fell into default would be evicted, and the monthly contract-for-deed payments would then be covered by the funds held in the escrow account or otherwise paid by U.S. Housing.

Purportedly based on those assurances, investors applied for and obtained mortgages from various lending institutions, using documentation provided by Beliveau's American Alliance Mortgage Group. That documentation, which was sent through the mail via the United States Postal Service, was fraudulent in that it reported artificially inflated values for the properties being purchased. Those inflated values resulted in additional money being made available to deposit into the escrow account at U.S. Housing. The funds in that account were then spent by Beliveau for his personal benefit.

Ultimately, most of the distressed homeowners were unable to make their monthly contract-for-deed payments or otherwise buy back their homes. Many of the loans taken out by the investors to purchase the homes went into default because the money supposedly in the escrow account to pay the mortgages had been used by Beliveau.

In addition, the indictment indicates Beliveau failed to pay the employment taxes withheld from American Alliance Mortgage Group employees for nine quarters between 2003 and 2005. Beliveau allegedly collected but failed to account for or pay to the Internal Revenue Service approximately \$900,000.

If convicted, Beliveau faces a potential maximum penalty of five years in prison for conspiracy to commit mail fraud, 20 years for each of the two counts of mail fraud, and five years for each of the 11 counts of willful failure to pay taxes. All sentences will be determined by a federal district court judge.

This case is the result of an investigation by the U.S. Postal Inspection Service and the IRS-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney David J. MacLaughlin.

An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by a defendant. A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.